

The Financial Times of Indiana

Tax restructuring news from the Office of Governor Frank O'Bannon

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www.IN.gov/gov

The News in Brief...Protecting Homeowners

The Indiana Tax Court has ordered the State to change the way it assesses property. The new method is based on market value – a more consistent means of determining property's worth.

If legislative action is not taken, the Tax Court order will cause Hoosier homeowners' 2003 property tax bills to increase an average of 33%.

Some may even see an increase of 300% on their property tax bill. To lessen that increase, Governor Frank O'Bannon developed a shelter allowance that, together with the new Indiana rule of market value assessment, will cut the increase to an average of 13%.

Homeowners believe even a 13% property tax increase is too high.

To cut the court-ordered increase even more, Governor O'Bannon and Lieutenant Governor Kernan put together the 21st Century Tax Plan to protect homeowners. Their plan, on average, would eliminate the increase completely.

The comprehensive plan makes Indiana an even better place to do business, preserve farms, and to create new jobs.

For more information on Indiana's 21st Century Tax Plan, go to www.in.gov/gov/reassess/

Property Tax Shifts

due to court-ordered reassessment

Tax shifts with no shelter allowance or change in the personal property rule – from the current system to market value assessment:

Statewide average:

Agriculture	Residential	Business	Utilities
0.0%	32.7%	-19.9%	-34.1%

Tax shifts with shelter allowance and new personal property rule and change from current system to the 21st Century Tax Plan:

Statewide average:

Agriculture	Residential	Business	Utilities
-9.1%	0.0%	-31.1%	-28.2%

Source: 21st Century Tax Plan

Notable Quotes

"To homeowners I would say the projected impact (33 percent increase in property taxes) is real, and the only way to address the situation is with a tax restructuring plan like the lieutenant governor has proposed."

-- Kevin Brinegar,
Indiana Chamber of
Commerce.

"Indiana has lost thousands of manufacturing jobs since January 2001. Without major tax restructuring we will continue to see the erosion of Indiana's manufacturing base. The proposal put forth by the Governor and Lieutenant Governor goes a long way toward securing the manufacturing base, as well as securing the future for UAW members and all Hoosier workers."

-- Terry Thurman,
Region 3 UAW
Director

Q & A about tax restructuring

What is the shelter allowance?

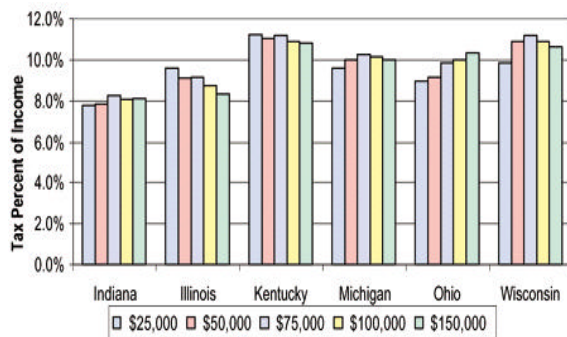
The shelter allowance does just what it says; it shelters homeowners for up to \$22,700 off the value of their home that is subject to being taxed.

Is the 21st Century Plan a tax increase?

Every additional dollar raised through the tax plan is in turn matched by tax relief. The Plan reduces taxes to offset future tax increases.

How will Indiana stack up on its tax burden to citizens as compared to other states?

Indiana State-Local Tax Burden Comparison by Household Income and State, 21st Century Tax Plan



What people are writing about

Indiana's 21st Century Tax Plan

Indiana appears on the verge of a bold and progressive restructuring of taxes. The plan is notable both for its substance and for the broad support it drew from both parties and key citizen groups. – *Louisville Courier-Journal editorial, October 21, 2001*

Gov. Frank O'Bannon and Lt. Gov. Joe Kernan have come up with a promising cure for Indiana's ailing tax system. – *Fort Wayne Journal-Gazette editorial, October 21, 2001*

Did You Know?

Since the year 1995, Indiana has experienced a tremendous increase in homeownership rates, ranking 12th in the nation. In 1999, the state's rate was 72.9%, ranking above the national average of 66.8%.

Source: Fannie Mae/U.S. Dept. of Commerce, 2000

Be on the watch for: Examples of how Hoosiers are affected by the state's plans...